

TOWN OF STONINGTON

Selectman's Office

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March 15, 2006

State of Connecticut
General Assembly

RE: Raised Bill No. 5741

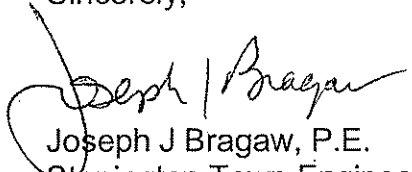
To Whom It May Concern:

I am writing this letter in support of HB 5711, An Act Concerning the Prevailing Wage Thresholds. This is a bill that would have positive cost implications for municipalities and the people that we represent. With the large escalation in material and energy costs over the last few years, the \$100,000 and \$400,000 thresholds for renovation and new construction projects respectively are coming into play much more frequently and projects that the original legislation meant to exclude are now subject to prevailing wage requirements. I understand the reasoning behind having prevailing wage requirements for larger projects; however, the thresholds are way too low and limit a municipality's ability to proceed with many smaller projects.

Over the last few years, there have been several projects that I have been directly involved with which the \$100,000 renovation threshold became an issue. In these cases, the scope of the projects was relatively small, but because of the high costs of materials and working in occupied public buildings, the entire project was estimated at around \$100,000. It is my understanding that a municipality can't go forward with a project in this range without having the prevailing wage requirements, as any cost overruns that would put the project over the threshold would require that all wages for the project to be paid at the prevailing wage. Most of the projects that we perform include laborers, carpenters, HVAC workers, and plumbers. On average, these trades' people would be paid between 20-50% more including their direct hourly rate and benefits than if it was a non-prevailing wage project. This has two ramifications. First, this increases the entire project cost by 15-30% without any added benefit to the Town. The second ramification is that we tend to see much fewer local contractors bid jobs that are prevailing wage. Many of the local contractors are usually smaller and don't have the capacity to complete all of the administrative requirements of a prevailing wage job. By having a small overhead, these contractors can complete the projects at a much smaller cost than bigger outfits. On one project we bid out last year, the estimate was over \$100,000 so we included the prevailing wage requirements. None of our local contractors would bid on the project because of the prevailing wage requirements. All of the bidders for that project were bigger contractors out of the Hartford and New Haven areas, at least 60-70 miles away. We could not go forward with this project as bid as our \$100k project became a \$160-170k project. Budgets for Towns are very tight and are only getting tighter and that extra cost could mean the difference between doing a project and not doing it.

In conclusion, my biggest concern is the \$100,000 threshold for renovation and rehabilitation projects. This threshold seems really low when you consider that many homeowners in our Town are paying between \$100-200k for additions to their houses alone. If this bill is passed, it would be a big help to municipalities trying to get projects done on shoe string budgets.

Sincerely,



Joseph J Bragaw, P.E.
Stonington Town Engineer

cc: William S. Brown – First Selectman